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E.O. 12958: DECL: 01/05/2017
TAGS: [PREL](#) [KNNP](#) [KN](#) [PARM](#) [EFIN](#) [FR](#) [GE](#) [IT](#) [UK](#)
SUBJECT: ADDITIONAL IRAN DESIGNATIONS UNDER EO 13382:
INITIAL UK REACTIONS

REF: STATE 2284

Classified By: Economic Minister Mark Tokola for reasons 1.4 (b) and (d)
)

11. (S/NF) Summary: The UK views the U.S. designation of Bank Sepah under Executive Order 13382 as a "significant ratcheting up of pressure on Iran" and supports our view that the designation is consistent with the language of UNSCR

1737. The UK would appreciate information on how the designation is being viewed in Russia, France, and Italy, as their reactions will impact both a February 12 European Council meeting where a possible designation of Iran's Aerospace Industries Organization (AIO) may be discussed and any possible UNSC discussion of whether AIO should be designated by the UN. The Financial Services Authority (FSA), the UK's bank regulator, will monitor Bank Sepah London subsidiary carefully to see if the designation had any operational impact on it. If the designation were to undermine the bank's solvency, the FSA could revoke its license. UK officials note that they lack domestic legislation that would allow them to take similar action against Bank Sepah. End Summary.

12. (S/NF) Per ref A, Embassy notified contacts at Foreign and Commonwealth Office (both the Iran Coordination Group and Counterproliferation Directorate) and Her Majesty's Treasury (HMT) of our impending designation of Bank Sepah, including its UK subsidiary. The FCO Iran Team Leader Ben Fender said that the U.S. action on Sepah represented a "significant ratcheting up of pressure on Iran." Fender added that HMG agrees with our view that the designation is in line with UNSCR 1737.

13. (S/NF) Fender cautioned, however, that our request that the UK and other partners look at measures to domestically designate AIO as an integral part of implementing UNSCR 1737 may be viewed with "consternation" by Russia. According to Fender, pressing partners to act against AIO may appear to be inconsistent with the deal struck in New York whereby Russia agreed to support the resolution in exchange for dropping AIO from UNSCR 1737's list of sanctions entities. His caution notwithstanding, Fender said that the EU is considering whether to include AIO in its listing, which is scheduled to be discussed at a February 12 EU Council meeting. Fender said that an EU listing of AIO would strengthen the case for its designation by the UN. Fender said that the UK wants to help manage Italian and French perceptions of U.S. financial measures and asked us to share any reactions we got on the Sepah listing from France or Italy. (Embassy note: We believe Russian reactions would also be of interest to our

British contacts.)

14. (S/NF) Patrick Guthrie, the Head of the Financial Sanctions Unit at HM Treasury, said that the UK did not have domestic legislation which would allow it to designate Bank Sepah domestically. He said, however, that the Financial Services Authority had been notified of the impending U.S. action. He added that the FSA will closely monitor Bank Sepah's London subsidiary for any impact our designation has on its operations. If, for example, the U.S. designation were to negatively impact Sepah's solvency, the FSA could seek to revoke its operating license in the UK.

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